

Department of Community Services and Development  
Community Services Block Grant  
American Recovery and Reinvestment Act  
Program Guidance



Transmittal No. 001  
August 20, 2009

**Introduction**

CSD recognizes the additional responsibility that the Community Services Block Grant (CSBG) American Recovery and Reinvestment Act (ARRA) funds put on eligible entities. With that in mind, CSD has created the CSBG ARRA Guidance to assist agencies in understanding many of the new requirements that are attached to this funding source. The purpose of this document is prepare all eligible entities for the accountability and transparency associated with these funds and to provide clarification on questions associated with the use of the CSBG ARRA funds.

There is a great deal of national attention surrounding the Recovery Act and CSBG has been spotlighted as a program to watch. The successes of our programs, service to the community, coordination of resources and overall better service will be enhanced by adhering to the information contained within the CSBG ARRA Guidance.

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**Client Income Eligibility**

Client eligibility threshold for clients served under the CSBG ARRA is increased to 200 percent (200%) of the federal poverty level. See chart below:

**FFY 2009/2010 CSBG ARRA Poverty Guidelines**

Size of Family Unit of Number in Household	Monthly Income	Annual Income
1	\$1,805.00	\$21,660
2	\$2,428.33	\$29,140
3	\$3,051.66	\$36,620
4	\$3,675.00	\$44,100
5	\$4,298.33	\$51,580
6	\$4,921.66	\$59,060
7	\$5,545.00	\$66,540
8	\$6,168.33	\$74,020
For Family units with more than 8 members, add \$7,480 to the Annual Income for each additional member.		

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**Accountability and Transparency**

CSBG ARRA funds must be tracked separately from the regular CSBG allocation. If an agency will be subcontracting CSBG ARRA funds, the agency must ensure the subcontractor is aware and has certified the capacity to track and report the CSBG ARRA funds separately.

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**Use of Funds**

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**Administration Limits**

Administrative costs are limited to twelve percent (12%) of the total CSBG ARRA Allocation. *For example: if your Agency's CSBG ARRA allocation is \$100,000, the maximum amount of funds to be allocated to administration on the CSBG ARRA contract budget shall not exceed \$12,000.00.*

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**Subcontractor Administration Limits**

When subcontracting CSBG ARRA funds, the subcontractor's administrative costs must be allocated from the agency's twelve percent (12%) limitation. *(For example: The CSBG ARRA administration in the subcontractor agreement and the amount your agency retains for administrative costs combined cannot exceed twelve (12%). See example table below:)*

Agency	Total CSBG ARRA Allocation	Total Allowable CSBG ARRA Administration (12%)
ABC Agency	\$100,000	\$12,000
ABC Agency	\$50,000	\$7,000
Subcontractor #1	\$20,000	\$2,000
Subcontractor #2	\$30,000	\$3,000
<i>Total allowable administration including subcontractors</i>		\$12,000

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**Energy  
Program Limits**

CSBG ARRA funds may not be used to support the administrative costs of the Department of Energy (DOE) or the Low-Income Energy Assistance Program (LIHEAP) in excess of the DOE and LIHEAP contractual limits.

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**Capital  
Improvements**

CSBG ARRA funds may not be used for the purchase or improvement of land, or the purchase, construction, or permanent improvement of any building or other facility. Some examples include but are not limited to: construction projects, broadband expansion, general construction, solar installation, etc.

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**Purchase of  
Durable Goods**

Durable goods are products that are not consumed or disposed of quickly and can be used for several years. If CSBG ARRA funds are to be used to purchase any durable goods the agency must address the following:

- Reasonableness of such purchase(s) and disposition of purchase(s) after CSBG ARRA.
  - How will durable goods be incorporated into the regular CSBG program after CSBG ARRA ends?
  - If the project will end how will the durable goods be liquidated and proceeds continue to be used to benefit the CSBG programs?
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## Subcontractor Guidance

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### **Bid Requirements**

A bid process must be used for subcontracting CSBG ARRA funds. The agency must be able to demonstrate an open and fair competitive process that allowed for all interested parties to participate in the solicitation. If agencies have followed their internal process and timeframes to select their current subcontractors and elect to allocate additional CSBG ARRA funding to each of those subcontractors to expand their current services, they are not required to go out to bid again. However, the agency must be able to provide verification that the subcontractors were selected according to their internal processes and substantiate the rationale for augmenting these subcontracts.

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### **Non Competitive Bid/Sole Source**

In special circumstances an agency may provide a sole source justification. The following issues must be addressed:

- What makes the program or project so unique as to require only a sole source contract?
  - What special qualities does the sole source contractor have that no other organization in your service area will be able to provide?
  - What other sources did you explore before you determined this to be a sole source project?
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### **Subcontractor Risk Assessment**

Contractors are required to conduct a risk assessment of potential subcontractors to verify the subcontractor is aware of the CSBG ARRA requirements and has the internal controls and capacity to administer the program. The following factors should be considered before awarding subcontracts:

- Overall preparedness to track, monitor, and report on CSBG ARRA funds and to comply with ARRA provisions.
- Sufficient level of personnel to manage the CSBG ARRA programs.
- Staff are adequately trained to implement the CSBG ARRA provisions.
- Capability to clearly distinguish CSBG ARRA separately.
- Financial and operational systems are configured to manage and control CSBG ARRA funds.
- CSBG ARRA funds are used for authorized purposes, and the potential for fraud, waste, error, and abuse are minimized and mitigated.

- Reporting mechanisms are in place to report the required data timely and accurately
- Subcontractor has been provided the new requirements, conditions, and guidance

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## CSBG ARRA Projects

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### Loan and/or Grant Projects

For agencies that are proposing to use CSBG ARRA for a loan or grant program the following should be considered:

- How will CSBG ARRA funds will be used to provide assistance to the low-income and not just an organization?
- How will the interest on that loan benefit the CSBG ARRA project?
- How will the agency guarantee that a low-income person, or persons, directly benefit from the loan or grant?
- What happens if the loan is defaulted on by the organization? Are you prepared to respond if the newspaper headlines the default of an ARRA loan?
- What happens if the terms of the loan are not met?
- What the Agency will use to track and monitor organizations receiving a loan or a grant?
- Annual living stipends to low-income persons are not allowed.

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### Document Submission

If an Agency is planning to develop a loan or grant project the following must be submitted to CSD:

- Copy of the grant process and requirements
- Copy of loan application criteria
- Copy of contracts
- Process of how the Agency will monitor those organizations receiving a loan or a grant
- Documentation of how the loan repayment funds will be incorporated back into the CSBG ARRA program
- Documentation of how the loan repayment funds will be used to support the CSBG program after the end of CSBG ARRA funds

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**Job Training for  
Labor &  
Construction  
Projects**

CSBG ARRA funds can be used to pay for the training costs such as tuition and materials for an individual who is receiving classroom training for any trade including green collar jobs. However, no CSBG ARRA funding can pay for wages, benefits, stipends or training costs for any person to perform any labor or construction work, or to receive on the job training for labor and construction skills on an actual job site.

In general, federal law prohibits the use of CSBG funds to support capital improvement projects. In addition, when any person including a trainee goes onto a labor or construction site and any portion of that project is supported by ARRA funds, then it is highly likely that the prevailing wage requirements of Davis-Bacon will apply to any wages, benefits or stipends of all persons on that job site. To avoid liability to the State and our CSBG recipients for lack of compliance with Davis-Bacon, CSD is prohibiting the use of CSBG ARRA funds to support any of the wages, benefits, stipends, or training costs of any person on any construction or retrofit site.

Given this legal framework, CSD will not permit the use of CSBG ARRA funds to support any labor, materials or personnel costs associated with actual construction projects, including but not limited to:

- Weatherization
- Installation of water heaters
- Green Plumbing
- Major or minor home retrofits
- Residential or commercial solar projects
- Wind power generation

Examples of allowable costs related to green collar workforce development include:

- Training of individuals in any green collar labor or construction field in the classroom or laboratory setting.
- Wages, benefits or stipends for persons to conduct weatherization outreach and energy audits.

Please note that DOE WAP and LIHEAP programs support the training costs for weatherization workers employed by DOE WAP and LIHEAP energy service providers. CSBG ARRA funds will not be permitted to support the weatherization training of workers designated to work for a DOE WAP or LIHEAP provider without advance CSD approval.

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## Jobs Created or Jobs Retained

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**Jobs Created or Jobs Retained** "Jobs or positions created" means those new positions created and filled, or previously existing unfilled positions that are filled, as a result of CSBG ARRA funding. "Jobs or positions retained" means those previously existing filled positions that are retained as a result of CSBG ARRA funding.

At minimum, the estimate of jobs created or retained shall include any new position created and existing filled positions that were retained to support or carry out Recovery Act projects or activities managed directly by the recipient, and by subcontractors. The number shall be expressed as "full-time equivalent" (FTE), calculated cumulatively as all hours worked divided by the total number of hours in a full-time schedule, as defined by the recipient. For instance, two full-time employees and one part-time employee working half days would be reported as 2.5 FTE.

A job cannot be reported as both created and retained.

For the CSBG ARRA program, the reporting on the total number of jobs created or retained will be counted and reported using different guidelines.

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**OMB Reporting Guidance** Agencies will report only on the jobs funded in whole or part by the CSBG ARRA funds.

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**NPI Reporting Guidance** Historically, CSBG agencies have supplemented or leveraged CSBG funds to partner with other community organizations to create programs and services. For reporting jobs created or jobs retained on the NPI forms agencies can count those jobs created or retained as a result of CSBG ARRA and the leveraging of those funds.

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